

1999 Online Voters Guide

Initiative 695
Official Ballot Title and Explanatory Statement

BALLOT TITLE AND EXPLANATORY STATEMENT WRITTEN BY THE
STATE ATTORNEY GENERAL AS REQUIRED BY LAW.

Ballot Title

Shall voter approval be required for any tax increase, license tab fees be \$30 per year for motor vehicles, and existing vehicle taxes be repealed?

Explanatory Statement**The Law As It Presently Exists**

There is no existing law generally requiring voter approval for the imposition of an increase in fees or taxes, although voter approval is required to exceed the state expenditure limit and for certain types of local government taxes and fees.

Owners of motor vehicles pay annual state license fees and excise taxes in a combined amount when they register vehicles and obtain license tabs.

For most cars and other vehicles, the state license fee portion of this combined amount is \$24.35. Most revenue from the license fees is deposited into an account that funds highway activities of the State Patrol, with smaller amounts deposited in the Puget Sound ferry operations account and administrative accounts. These provisions are found in Chapter 46.16 of the Revised Code of Washington (RCW).

The annual amount of the state motor vehicle excise tax is 2.2% of the value of the vehicle, plus a clean air tax of \$2 per vehicle. Beginning in July 1999, the tax on each vehicle is reduced by a credit of \$30 per year, as a result of the approval of Referendum Bill 49 in 1998. For most vehicles, the value is based on the manufacturer's suggested retail price, gradually reduced depending on the age of the vehicle from 100% of value in the first year of service to 10% of original value for vehicles in their 13th or later years of service. These provisions are found in RCW 82.44.

The revenue from the state motor vehicle excise tax is distributed according to a formula written into the law. The transportation fund, used for public transportation and highway purposes, receives over 51% of the revenue. The motor vehicle fund, used for highway purposes, receives over 25% of the revenue. Other funds that receive percentages of the motor vehicle excise tax revenue include the Puget Sound ferry operations and Puget Sound capital construction accounts, the city police and fire protection assistance account, the municipal sales and use tax equalization account, the county sales and use tax equalization account, the county criminal justice assistance account, the municipal criminal justice assistance account, the county public health account, and the distressed county assistance account. The \$2 clean air excise tax is deposited in the air pollution control account. These provisions are also found in RCW 82.44.

RCW 82.44.130 exempts any vehicle subject to state motor vehicle excise tax from all ad valorem (meaning "according to value") property taxes. RCW 84.36.110 provides ad valorem property tax exemptions for all household goods and furnishings and personal effects in actual use by a property owner and not held for sale or commercial purposes. In addition, the same section exempts \$3,000 worth of personal property, not otherwise exempt, for each property owner. However, the exemption does not apply to private motor vehicles or motor homes.

There is also a state excise tax on travel trailers and campers. The rate for this tax is 1.1% of the value of the travel trailer or camper, based on the suggested retail price of a new trailer or camper, and gradually reduced depending on the age of the vehicle from 100% of value in the first year of service to 20% of value in the 16th and later years of service. This tax is remitted to the state and distributed to cities and towns, counties, and schools. These provisions are found in RCW 82.50.

RCW 82.50.530 exempts travel trailers and campers from ad valorem property tax, except for trailers that are permanently fixed to the land.

The Effect of the Proposed Measure Should It Be Approved Into Law

The measure would require voter approval for any increases in taxes, fees, or monetary charges imposed by the state or by local government. The term "tax" for this purpose would include sales and use taxes, property taxes, business and occupation taxes, excise taxes, fuel taxes, license fees, permit fees, impact fees, and any monetary charge by government. The term "tax" would not include higher education tuition or civil and criminal fines and penalties. The term "state" would include the state itself, all state agencies and departments, any city, county, special district, and any other political subdivision or governmental instrumentality of or within the state.

If approved, this measure would repeal the existing fees and excise taxes for most motor vehicles and would impose a license tab fee for each vehicle of \$30 per year, regardless of the type, age, or value of the vehicle. The new fee would include cars, sport utility vehicles, motorcycles, and motor homes. The measure would repeal specified license fees in RCW 46.16, the motor vehicle excise taxes imposed in RCW 82.44, and the excise taxes on travel trailers and campers in RCW 82.50. The measure would not repeal the schedule of license fees for heavy trucks, buses, and for hire vehicles with a declared gross weight of 4,000 pounds or more, but it would repeal the excise taxes imposed on the use of these vehicles.

The measure would also repeal RCW 82.44.130 and RCW 82.50.530, the laws which exempt motor vehicles, travel trailers, and campers from ad valorem property taxes. The measure would not amend or revise the property tax laws. Whether the repeal of these exemptions would subject motor vehicles to assessment and collection of personal property tax would depend on how the law would be interpreted.

The measure would take effect January 1, 2000.

[Ballot Measures Index](#)

1999 Online Voters Guide

Initiative 695 Arguments For and Against

The following arguments were prepared by committees appointed in accordance with state law. The Office of the Secretary of State is not authorized to edit statements, nor is it responsible for their content.

Statement For I-695

If politicians had one ounce of compassion for the average taxpayer, I-695 would not be necessary.

Washington is the 6th highest taxed state in the nation — I-695 keeps us from hitting #1 by limiting excessive taxation. First, I-695 offers \$30 tabs on your car, truck, motorcycle, motor home, and other vehicles. Vehicle tabs are outrageously expensive – families can't afford them. Many senior citizens must choose between paying for tabs and having car insurance or health insurance. Working class folks, not just rich people, should be able to afford a newer vehicle. \$30 per year for tabs is reasonable.

But we knew politicians would try to raise other taxes, so...

I-695 protects taxpayers by requiring voter approval for any tax increase (most states limit excessive taxation, Washington does not). With I-695, politicians must look at other options first (using existing revenues, tax surpluses, prioritizing programs). I-695 limits excessive taxation and offers the first meaningful tax relief to the little guy since the voters eliminated the sales tax on food 20 years ago.

The government will obviously adjust to I-695 (the same way we adjust when they raise our taxes).

If we can't provide tax relief when there's a \$1 billion tax surplus and a thriving economy, when can we? Besides, tabs make up less than 2% of government spending, \$500 million per year that will get pumped right back into our state's economy.

If I-695 passes, the politicians say all government services will disappear — that's

Statement Against I-695

I-695 IS POORLY DRAFTED AND CONTAINS LOOPHOLES

I-695 doesn't do what it promises. It is poorly drafted and contains a major loophole that makes our automobiles subject to the property tax, just like our homes. I-695 will remove a third of state funding for transportation. Last year, voters approved Referendum 49 to make major improvements in our transportation system. I-695 reverses this decision made by the voters. Transit will be cut by 25 percent. Thousands more cars will be added to freeway congestion during commute times.

I-695 will take more than \$360 million each year from local programs like Medic One and police and fire departments in communities across Washington State.

There's more. I-695 also takes money from other valuable local programs: transportation, child abuse prevention, senior centers, crisis family counseling, school safety and mental health programs.

I-695 is unfair because it gives the biggest tax break to wealthy people who own the most expensive cars. You can bet that government won't be taxing the rich to replace lost tax money, they'll tax working people.

I-695 GOES TOO FAR - VOTE NO.

I-695 does nothing to control government spending. We'd all like to pay lower taxes, but I-695 means that money for essential services must come from other sources. Most states with license tab fees as low as I-695 proposes make up the difference with an income tax. Is that what the voters of Washington State want?

For more information, visit www.no-i-695.com

absurd.

With tabs less than 2% of government spending, a \$1 billion tax surplus, and Washington the 6th highest taxed state, isn't I-695 better than what we've got now? I-695 is a rare opportunity — take advantage of it. Anything but an overwhelming “Yes” for I-695 will be seen by politicians as an endorsement of higher taxes. I-695 helps the little guy – vote “Yes”.

For more information, call (425) 493-8707 or visit www.lifetel.com/tabs

Rebuttal of Statement Against I-695

I-695 HAS NO LOOPHOLES. Once vehicle tabs were lowered to \$30, we knew politicians would try to raise other taxes. I-695 is carefully written and requires voter approval for tax increases, meaning politicians CAN'T impose property taxes on vehicles, a state income tax, or ANY tax without asking your permission first. Politicians will NEVER limit excessive taxation — here's our only chance. Isn't I-695 better than what we've got now? Help the little guy — vote "Yes".

Arguments For I-695 Prepared By

TIM EYMAN, Sponsor, 514,141 signatures (all-volunteer), 2nd highest/history, Mukilteo; MONTE BENHAM, Retired Engineer, got 36,000 signatures in Tri-Cities, Kennewick; JACK FAGAN, Retired Policeman / Navy, responsible for 25,000 signatures, Spokane.

Advisory Committee: CONRAD KRACK, Fisherman, our most enthusiastic supporter, Seattle; KAREN CURRY, Housewife & husband Lee (plumber), 3180 signatures, Yakima; ROBERT BURMEISTER, Church Volunteer / Retired, got 4224 signatures, Puyallup; ERMA TURNER, Owner of Beauty Shop, got 3154 signatures, Cle Elum; LEIF ERICKSON, Disabled senior citizen, fixed income, donated \$5, Vancouver.

Rebuttal of Statement For I-695

I-695 cripples programs that responsible people support. There is nothing compassionate about cutbacks in fire and police protection, school safety and Medic One programs.

We all want the transportation improvements approved in Referendum 49. We don't like taxes, but we know how congested our roads will be if we reduce transit funding by 25 percent.

Vote NO on I-695.

Arguments Against I-695 Prepared By

DON C. BRUNELL, President, Association of Washington Business; RICK S. BENDER, President, Washington State Labor Council, AFL-CIO.

1999 Online Voters Guide

Complete Text of Initiative 695

TO THE PEOPLE

FORMATTING NOTE:

In initiatives, legislative bills and other proposed measures, language that is to be deleted from current statutes is represented by a "strikethrough" character and language that is to be added is underlined. Because these special characters cannot be formatted in all Internet browsers, a different set of symbols is used for presenting these proposals on-line. The symbols are as follows:

- Text that is surrounded by (((- text here -))) is text that will be *deleted from* the existing statute if the proposed measure is approved.
- Text that is surrounded by (+ text here +) is text that will be *added to* the existing statute if the proposed measure is approved.
- (+ NEW SECTION+) (found at the beginning of a section or paragraph) indicates that *all* of the text in that section will become law if the proposed measure is approved.

INITIATIVE 695

AN ACT Relating to limiting taxation by: limiting excessive license tab fees; limiting tax increases by requiring voter approval; repealing existing licensing fees: RCW 46.16.060, 46.16.061, and 46.16.650; repealing existing excise taxes: 82.44.010, 82.44.015, 82.44.020, 82.44.022, 82.44.023, 82.44.025, 82.44.030, 82.44.041, 82.44.060, 82.44.065, 82.44.080, 82.44.090, 82.44.100, 82.44.110, 82.44.120, 82.44.130, 82.44.140, 82.44.150, 82.44.155, 82.44.157, 82.44.160, 82.44.170, 82.44.180, 82.44.900, 82.50.010, 82.50.060, 82.50.090, 82.50.170, 82.50.250, 82.50.400, 82.50.405, 82.50.410, 82.50.425, 82.50.435, 82.50.440, 82.50.460, 82.50.510, 82.50.520, 82.50.530, 82.50.540, and 82.50.901; adding a new section to chapter 46.16 RCW; adding a new section to chapter 43.135 RCW; creating a new section; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

{+ NEW SECTION. +} Sec. 1. A new section is added to chapter 46.16 RCW to read as follows:

(1) License tab fees shall be \$30 per year for motor vehicles, regardless of year, value, make, or model, beginning January 1, 2000.

(2) For the purposes of this section, "license tab fees" are defined as the general fees paid annually for licensing motor vehicles, including cars, sport utility vehicles, motorcycles, and motor homes.

{+ NEW SECTION. +} Sec. 2. A new section is added to chapter 43.135 RCW to read as follows:

(1) Any tax increase imposed by the state shall require voter approval.

(2) For the purposes of this section, "tax" includes, but is not necessarily limited to, sales and use taxes, property taxes, business and occupation taxes, excise taxes, fuel taxes, impact fees, license fees, permit fees, and any monetary charge by government.

(3) For the purposes of this section, "tax" does not include:

(a) Higher education tuition, and

(b) Civil and criminal fines and other charges collected in cases of restitution or violation of law or contract.

(4) For the purposes of this section, "tax increase" includes, but is not necessarily limited to, a new tax, a monetary increase in an existing tax, a tax rate increase, an expansion in the legal definition of a tax base, and an extension of an expiring tax.

(5) For the purposes of this section, "state" includes, but is not necessarily limited to, the state itself and all its departments and agencies, any city, county, special district, and other political

subdivision or governmental instrumentality of or within the state.

(6) This section does not apply to any specific emergency measure authorized by vote of two-thirds (2/3) of the members of each house of the legislature and expiring not later than twelve (12) months from the effective date of the emergency act.

(7) This section is intended to add to, and not replace, the requirements for tax increases set forth in Initiative 601, the Taxpayer Protection Act, RCW 43.135.035.

{+ NEW SECTION. +} Sec. 3. The following acts or parts of acts that impose taxes and fees on vehicles are each repealed:

- (1) RCW 46.16.060 and 1992 c 216 s 4, 1987 1st ex.s. c 9 s 3, 1985 c 380 s 13, 1981 c 342 s 8, 1975 1st ex.s. c 118 s 3, 1969 ex.s. c 170 s 3, 1969 c 99 s 5, 1965 c 25 s 1, 1961 ex.s. c 7 s 9, & 1961 c 12 s 46.16.060;
- (2) RCW 46.16.061 and 1985 c 380 s 14, 1984 c 7 s 49, & 1963 ex.s. c 3 s 40;
- (3) RCW 46.16.650 and 1997 c 291 s 12 & 1987 c 178 s 1;
- (4) RCW 82.44.010 and 1990 c 42 s 301, 1979 c 107 s 10, 1971 ex.s. c 299 s 54, 1967 c 121 s 4, 1963 c 199 s 1, & 1961 c 15 s 82.44.010;
- (5) RCW 82.44.015 and 1996 c 244 s 7, 1993 c 488 s 3, 1982 c 142 s 1, & 1980 c 166 s 3;
- (6) RCW 82.44.020 and 1998 c 321 s 3, 1993 sp.s. c 23 s 61, 1993 c 123 s 2, 1991 c 199 s 220, 1990 c 42 s 302, & 1988 c 191 s 1;
- (7) RCW 82.44.022 and 1998 c 321 s 2;
- (8) RCW 82.44.023 and 1998 c 321 s 38, 1998 c 145 s 1, 1994 c 227 s 3, & 1992 c 194 s 8;
- (9) RCW 82.44.025 and 1998 c 321 s 39, & 1996 c 139 s 3;
- (10) RCW 82.44.030 and 1971 ex.s. c 299 s 51 & 1961 c 15 s 82.44.030;
- (11) RCW 82.44.041 and 1998 c 321 s 4 & 1990 c 42 s 303;
- (12) RCW 82.44.060 and 1990 c 42 s 304, 1981 c 222 s 12, 1979 c 158 s 233, 1975-'76 2nd ex.s. c 54 s 2, 1975 1st ex.s. c 118 s 14, 1963 c 199 s 4, & 1961 c 15 s 82.44.060; (13) RCW 82.44.065 and 1990 c 42 s 305;
- (14) RCW 82.44.080 and 1961 c 15 s 82.44.080;
- (15) RCW 82.44.090 and 1961 c 15 s 82.44.090;
- (16) RCW 82.44.100 and 1961 c 15 s 82.44.100;
- (17) RCW 82.44.110 and 1998 c 321 s 5, 1997 c 338 s 68, & 1997 c 149 s 911;
- (18) RCW 82.44.120 and 1993 c 307 s 3, 1990 c 42 s 307, 1989 c 68 s 2, 1983 c 26 s 3, 1979 c 120 s 2, 1975 1st ex.s. c 278 s 95, 1974 ex.s. c 54 s 4, 1967 c 121 s 2, 1963 c 199 s 5, & 1961 c 15 s 82.44.120;
- (19) RCW 82.44.130 and 1961 c 15 s 82.44.130;
- (20) RCW 82.44.140 and 1979 c 158 s 237, 1967 c 121 s 3, & 1961 c 15 s 82.44.140;
- (21) RCW 82.44.150 and 1998 c 321 s 6, 1995 2nd sp.s. c 14 s 538, 1994 c 241 s 1, & 1993 c 491 s 2;
- (22) RCW 82.44.155 and 1998 c 321 s 40, 1993 c 492 s 254, 1991 c 199 s 223, & 1990 c 42 s 309; (23) RCW 82.44.157 and 1994 c 266 s 14;
- (24) RCW 82.44.160 and 1995 c 28 s 1;
- (25) RCW 82.44.170 and 1990 c 42 s 311, 1987 c 244 s 56, & 1985 c 380 s 22;
- (26) RCW 82.44.180 and 1998 c 321 s 41 & 1995 c 269 s 2601;
- (27) RCW 82.44.900 and 1961 c 15 s 82.44.900;
- (28) RCW 82.50.010 and 1989 c 337 s 20, 1979 c 107 s 11, 1977 ex.s. c 22 s 6, 1971 ex.s. c 299 s 35, 1967 ex.s. c 149 s 44, & 1961 c 15 s 82.50.010;
- (29) RCW 82.50.060 and 1961 c 15 s 82.50.060;
- (30) RCW 82.50.090 and 1961 c 15 s 82.50.090;
- (31) RCW 82.50.170 and 1992 c 154 s 6;
- (32) RCW 82.50.250 and 1967 ex.s. c 149 s 59;
- (33) RCW 82.50.400 and 1993 c 238 s 7, 1992 c 154 s 5, 1990 c 42 s 320, 1979 c 123 s 1, 1975 1st ex.s. c 118 s 15, & 1971 ex.s. c 299 s 55;
- (34) RCW 82.50.405 and 1991 c 199 s 226;
- (35) RCW 82.50.410 and 1998 c 321 s 23, 1991 c 199 s 225, 1990 c 42 s 321, 1979 c 123 s 2, 1975 1st ex.s. c 118 s 16, 1972 ex.s. c 144 s 2, & 1971 ex.s. c 299 s 56; (36) RCW 82.50.425 and 1990 c 42 s 323;

(37) RCW 82.50.435 and 1990 c 42 s 324;
(38) RCW 82.50.440 and 1979 c 158 s 242, 1975 1st ex.s. c 9 s 2, & 1971 ex.s. c 299 s 59;
(39) RCW 82.50.460 and 1979 c 123 s 3, 1975 1st ex.s. c 118 s 17, & 1971 ex.s. c 299 s 61;
(40) RCW 82.50.510 and 1998 c 321 s 24, 1991 c 199 s 227, 1990 c 42 s 322, 1975-'76 2nd ex.s. c 75 s 1, & 1971 ex.s. c 299 s 66;
(41) RCW 82.50.520 and 1983 c 26 s 4, 1979 c 123 s 4, & 1971 ex.s. c 299 s 67; (42) RCW 82.50.530 and 1993 c 32 s 1, 1981 c 304 s 32, & 1971 ex.s. c 299 s 68; (43) RCW 82.50.540 and 1971 ex.s. c 299 s 69; and
(44) RCW 82.50.901 and 1971 ex.s. c 299 s 53.

{+ NEW SECTION. +} Sec. 4. The provisions of this act are to be liberally construed to effectuate the policies and purposes of this act.

{+ NEW SECTION. +} Sec. 5. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

{+ NEW SECTION. +} Sec. 6. This act takes effect January 1, 2000.

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[Ballot Measures Index](#)

7/20/99